antennas (Section 207), it did clarify several issues and, on balance, the Order has made satellite television more competitive with cable. The ruling rejected the so-called "central dish" proposal, restricted prior-approval requirements, extended to consumers who own a mobile home situated in a mobile home park protection against limitations on their right to have an over-the-air reception device (OTARD), limited the ability of homeowner's associations to impose fines and attorney's fees against homeowners and ruled that renters with an owner's consent have the same OTARD rights as the owner.

In Section 207 of the Telecommunications Act of 1996, Congress stated a clear intent to prevent impairment of a <u>viewer's</u> ability to receive video programming using a satellite dish one-meter or less in diameter. The satellite television industry was disappointed that the FCC, despite the clear intent of the statute, extended only limited protection to renters and condominium owners living in multiple dwelling unit (MDU) buildings. The FCC ruled that OTARD protections extend to viewers who live in MDUs only if the viewer has access to an exclusive use area, like a patio or balcony. The FCC held that OTARD protections do not extend to MDU dwellers who need use of a common area, such as the roof, the hallways, the walkways or the exterior walls of a condominium or apartment building to make reception of satellite delivered television possible.

If the satellite television industry is to offer choice and competition to the MDU market, all consumers will need access to satellite delivered programming.

V. CONCLUSION:

Clearly the DTH industry, fueled by the rapidly growing acceptance of DBS technology by consumers, is making advances in the video marketplace. The subscriber penetration data we have cited, as well as the consumer studies that have been recently conducted, all point to a high degree of satisfaction for satellite television by the public.

On the plus side of the ledger, the implementation by the Commission of its rules governing satellite-restrictive ordinances and home owners' covenants has been of benefit in making inroads against the cable monopoly in many communities.

On the other side, strategic issues still remain to be resolved for the industry to be able to compete without being hobbled with arcane and outmoded rules and regulations designed for an earlier era. The disparities in the copyright law, for example, lay the DTH industry open to unreasonable demands in return for having the temporary copyright license renewed. There is no valid rationale for the enormous disparity in copyright rates between competitors. The "white area" system has been unworkable from the start, to the detriment of the DTH providers, the broadcasters, and consumers alike. The current consumer crisis caused by the Miami court rulings has only exacerbated an already difficult and complex situation. In addition, threats of interference in the DBS spectrum and concerns about the Commission's commitment to program access are very real concerns. These are challenging issues. However, if the DTH industry is to succeed as a competitor to the cable monopoly on the scale that the

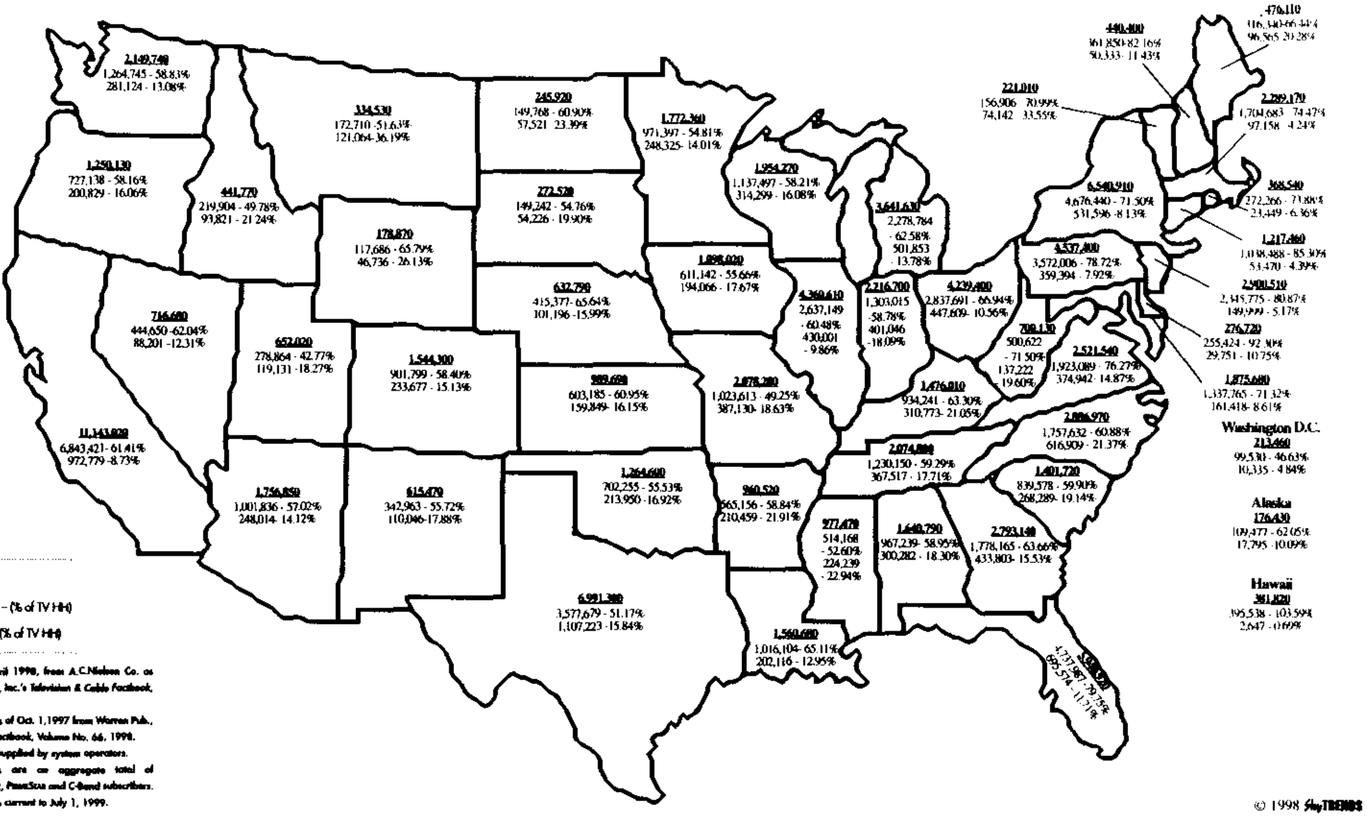
Commission and Congress have envisioned, these barriers must be resolved quickly and efficiently, otherwise consumers will not have the benefit of choice and increased competition in the video marketplace.

Andrew R. Paul, Sr. Vice President
SBCA

Andrew S. Wright, Vice President
SBCA

August 9, 1999

APPENDIX A



KEY

Total TV Households:

Basic Cable Subscribers – (% of TV HH)

Total DTH Subscribers – (% of TV HH)

TV Households as of April 1998, from A.C.Nielsen Co. as published in Warren Pub., Inc.'s *Television & Cable Factbook*, Volume No. 66, 1998.

Basic Cable Subscribers as of Oct. 1,1997 from Warren Pub., Inc., *Television & Cable Factbook*, Volume No. 66, 1998.

Note: Cable information supplied by system operators.

DTH subscriber counts are an aggregate total of DirecTV/USSB, ECHOSTAR, PrimeStar and C-Band subscribers.

DTH subscriber counts are current to July 1, 1999.

The Research and Data Collection Program of Media Business Corp and the Satellite Broadcasting and Communications Association

States with DTH

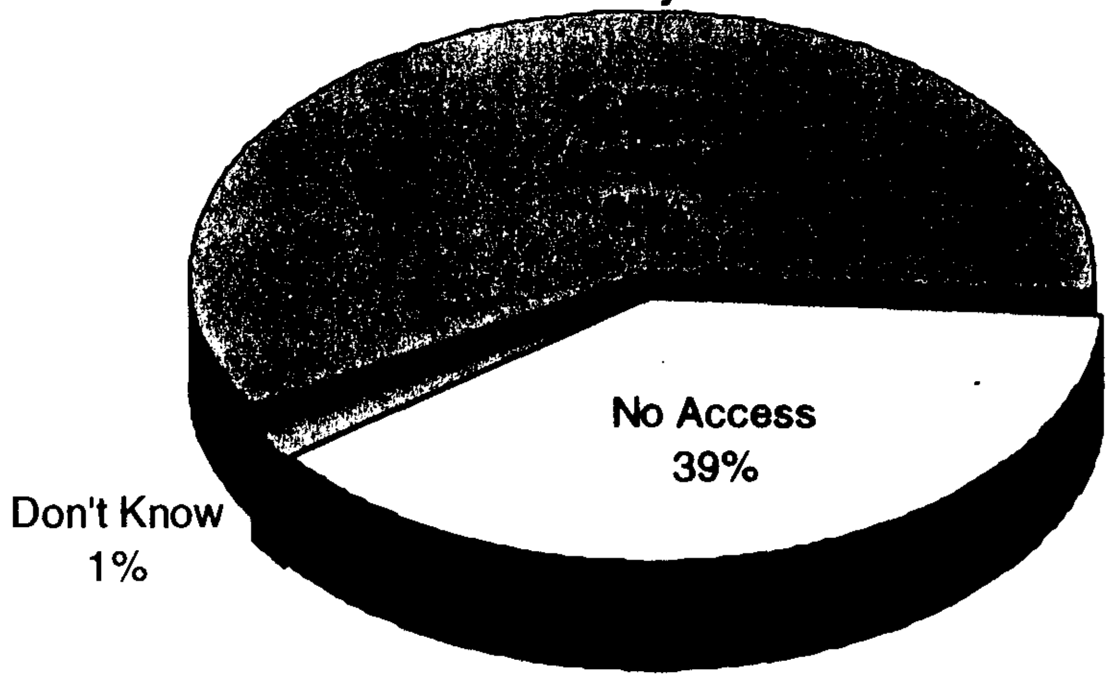
Penetration of 10% or greater		Penetration of 20% or greater		Penetration of 30% or greater	
Alabama	18.30	Arkansas	21.91	Montana	36.19
Alaska	10.09	Idaho	21.24	Vermont	33.55
Arizona	14.12	Kentucky	21.05		
Arkansas	21.91	Maine	20.28		
Colorado	15.13	Mississippi	22.94		
Delaware	10.75	Montana	36.19		
Florida	11.71	North Carolina	21.37		
Georgia	15.53	North Dakota	23.39		
Idaho	21.24	Vermont	33.55		
Indiana	18.09	Wyoming	26.13		
Iowa	17.67				
Kansas	16.15				
Kentucky	21.05				
Louisana	12.95				
Maine	20.28				
Michigan	13.78				
Minnesota	14.01				
Mississippi	22.94				
Missouri	18.63				
Montana	36.19				
Nebraska	15.99				
Nevada	12.31				
New Hampshire	11.43				
New Mexico	17.88				
North Carolina	21.37				
North Dakota	23.39				
Ohio	10.56				
Oklahoma	16.92				
Oregon	16.06				
South Carolina	19.14				
South Dakota	19.90				
Tennessee	17.71				
Texas	15.84				
Utah	18.27				
Vermont	33.55				
Virginia	14.87				
Washington	13.08				
West Virginia	19.60				
Wisconsin	16.08				
Wyoming	26.13				

APPENDIX B

Cable is Currently Available to 60% of DBS Subscribers

Is cable currently available in your area?

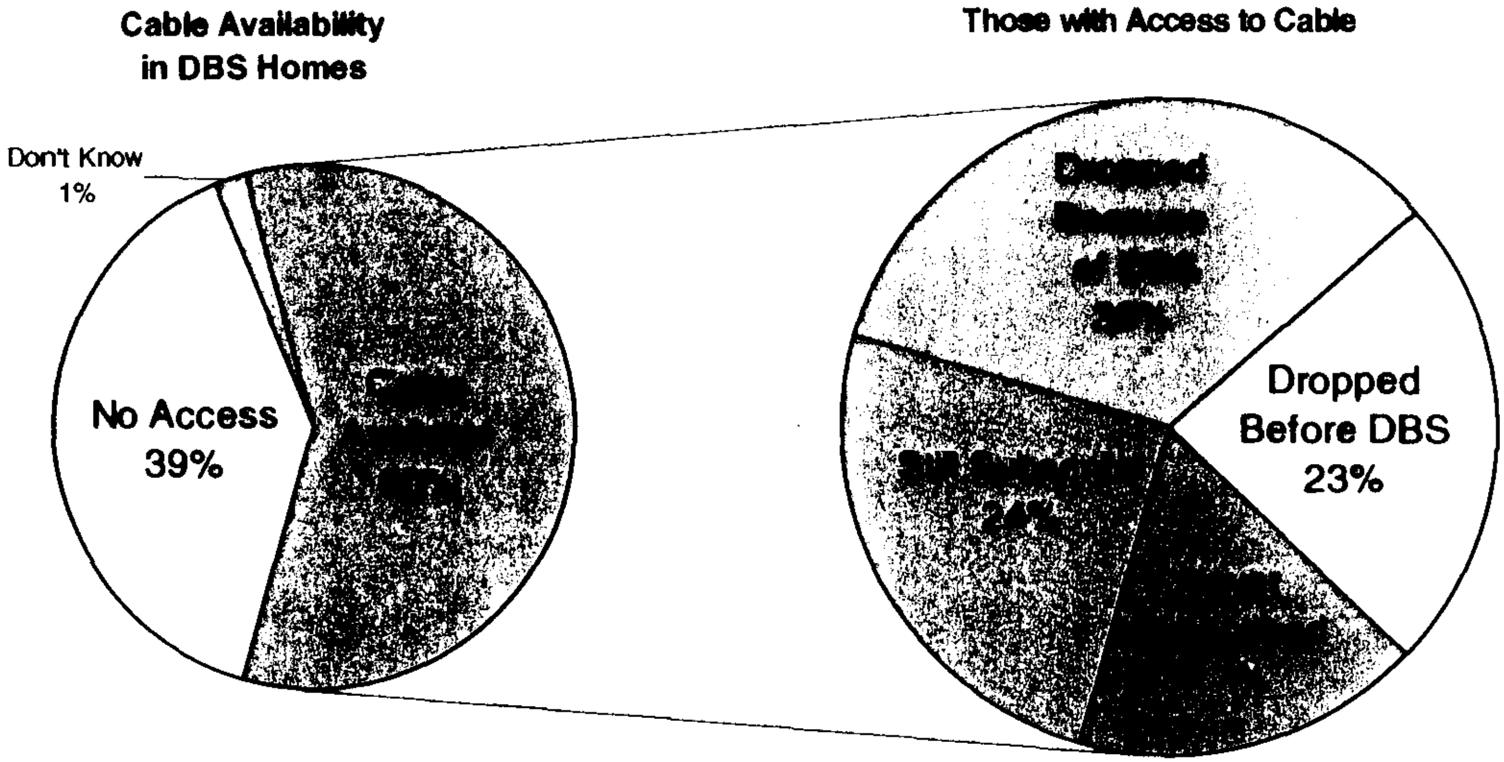
Cable Availability in DBS Homes



- 60% of DBS households have cable available to them. This is up from 55% last year.
- 40% of rural DBS households have access to cable as compared to 92% of urban DBS households and 88% of suburban DBS households

A Quarter of DBS Customers with Cable Available Subscribe to Cable

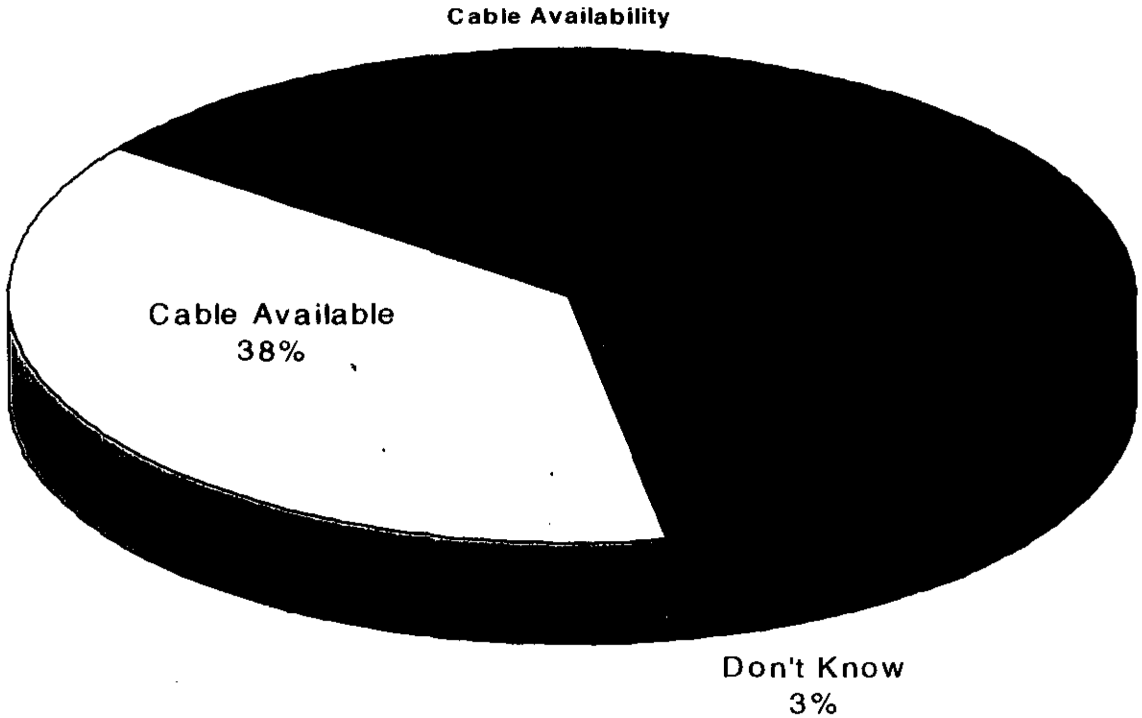
Is cable currently available in your area? Do you currently subscribe to cable?



- Just under a quarter of DBS households who have access to cable subscribe. This totals to 14% of all DBS subscribers who also subscribe to cable

Cable is Not Available to a Majority of C-Band Subscribers

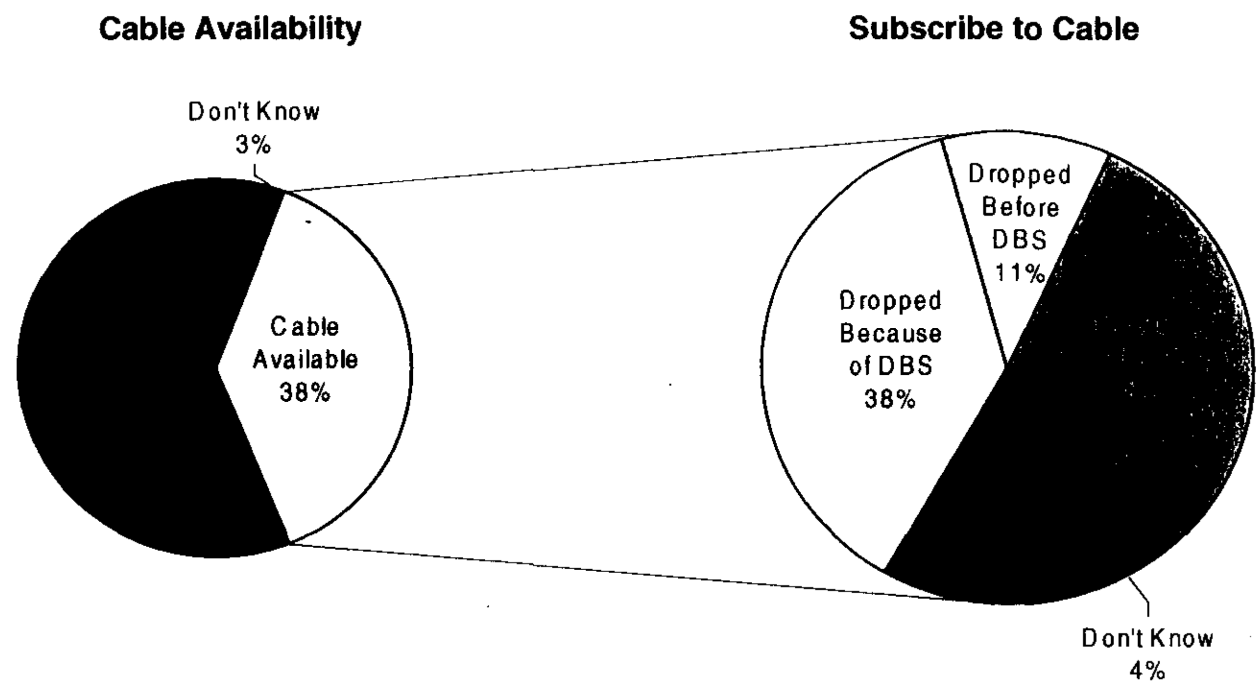
Is cable currently available in your area?



- 38% of C-Band subscribers currently have cable available.
- At the time they purchased a satellite system 21% of C-Band subscribers had cable available.
- C-Band subscribers age 35-44 are statistically more likely to have cable available than other age groups.

Over One-Third of C-Band Subscribers With Access Dropped Cable

Is cable currently available in your area? Do you currently subscribe to cable? That is, do you pay a monthly fee to get cable TV reception? Which of the following best describes your background with cable television?

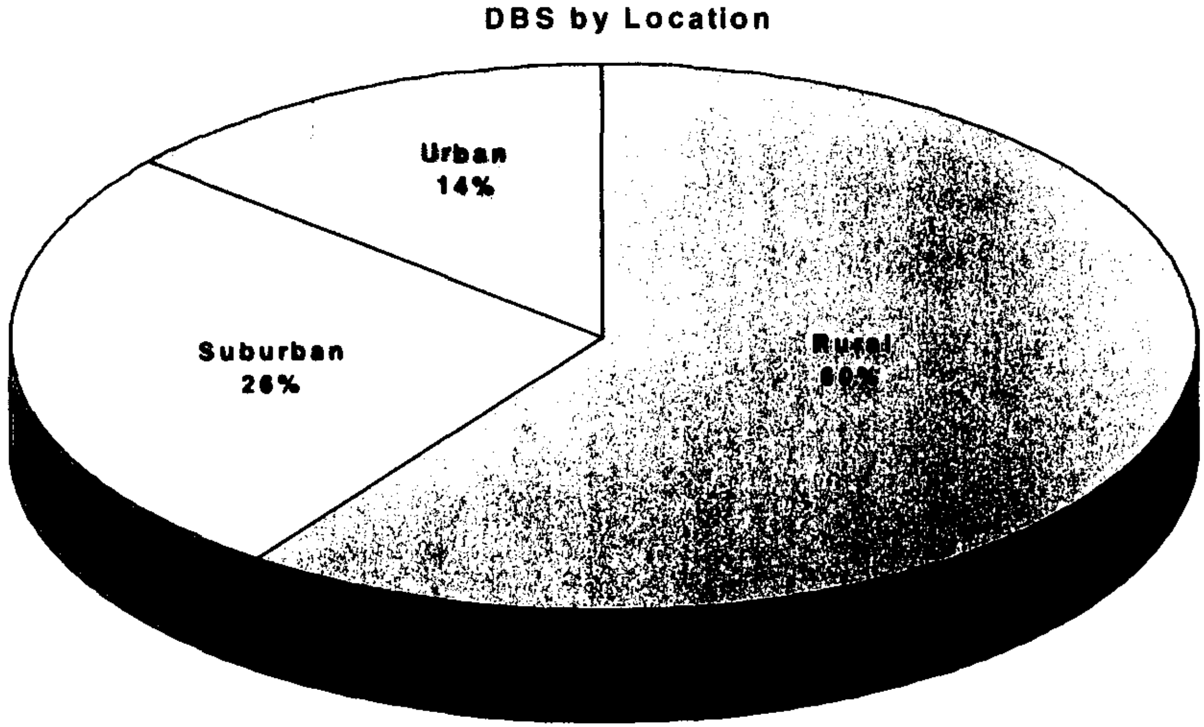


- 14% of C-Band subscribers with access to cable have maintained a cable subscription. This means that 5% of all C-Band customers also subscribe to cable.
- 33% of those with cable access never subscribed. Older owners (6+ Years) are statistically more likely to have never subscribed to cable than newer owners (<6 Years).

APPENDIX C

Most DBS Subscribers are From Rural Areas

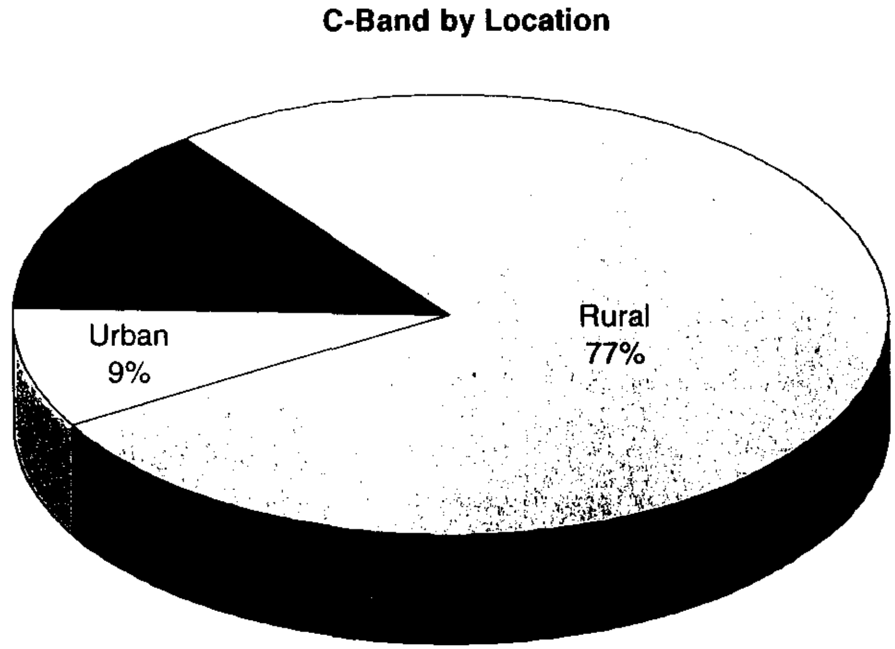
How would you describe the area in which you live?



- In this self reported measure, 60% of DBS subscribers said that they reside in a rural area.
- Among DBS subscribers without access to cable 90% live in rural areas.
- The majority of homes (71%) that have kept cable are suburban/urban.

Over Three-Quarters of C-Band Subscribers are From Rural Areas

How would you describe the area in which you live?

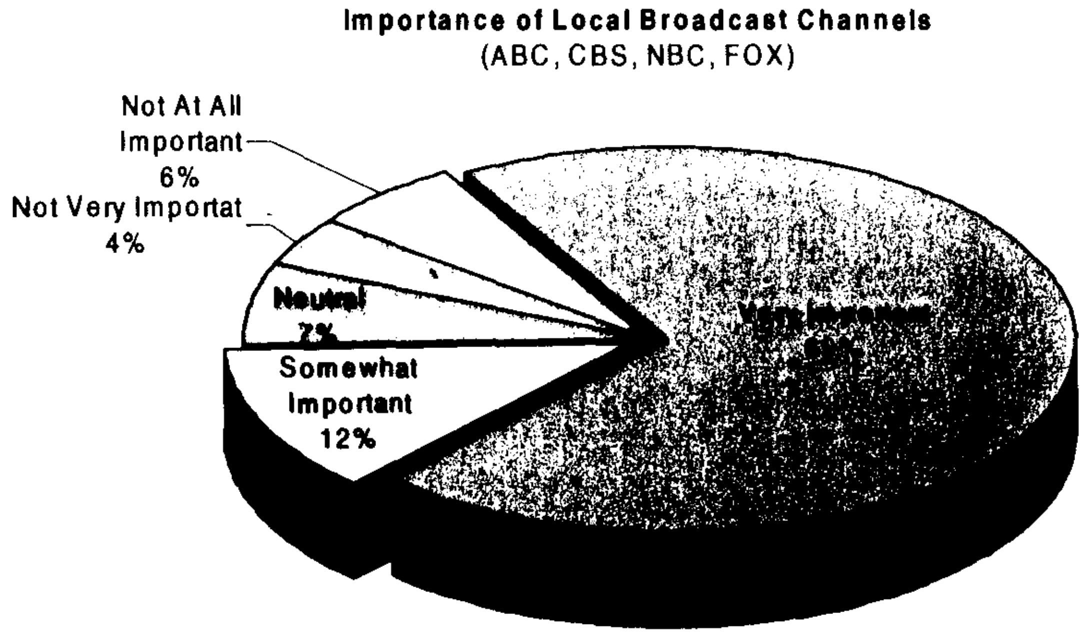


- In this self reported measure, 77% of C-Band subscribers said they reside in a rural area.
- 91% of C-band subscribers who live in rural areas do not have access to cable.

APPENDIX D

Local Broadcast Channels Are Very Important to DBS Households

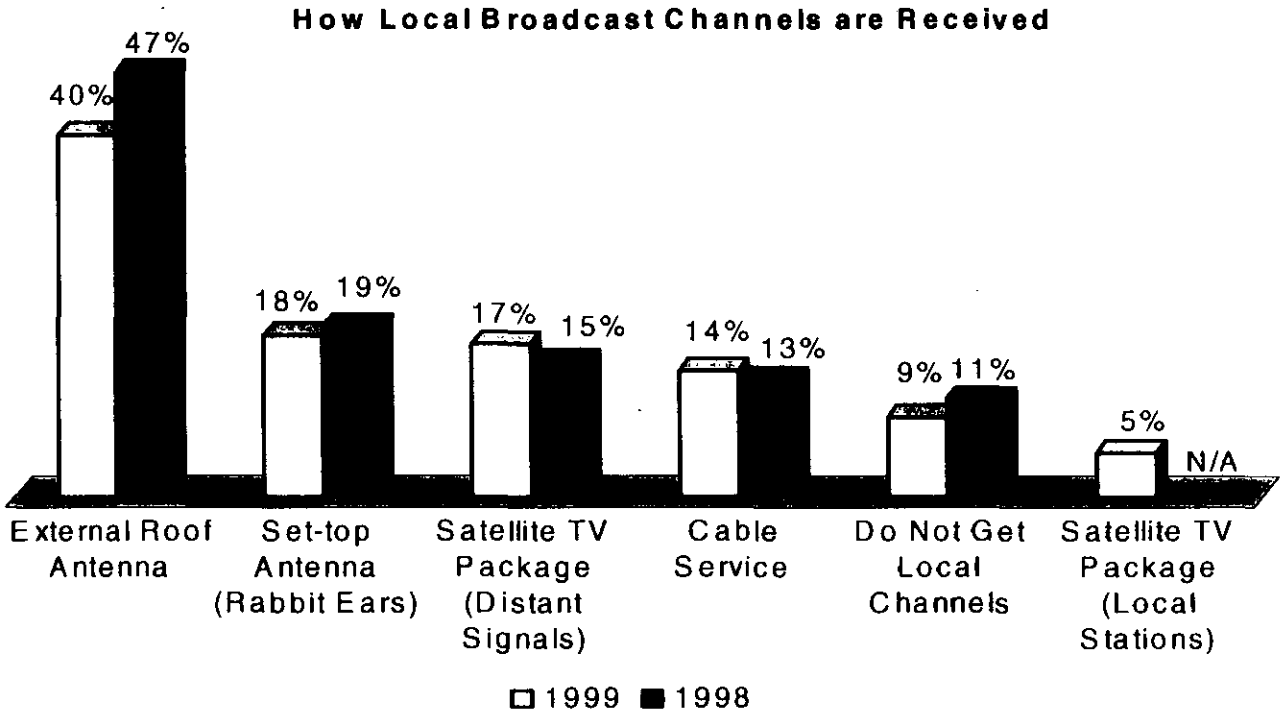
How important is it to you to receive local broadcast channels such as CBS, ABC, NBC? We will be using the same scale where 5 = very important and 1 = not at all important.



- 69% of DBS households feel that it is "very important" that they receive local broadcast networks.
- 78% of those who downgraded cable feel that it is very important that they receive local broadcast networks.
- Younger DBS subscribers are less likely to feel that it is very important that they receive local broadcast networks. In fact, 63% of DBS subscribers 18-34 feel that it is "very important" that they receive local broadcast networks as compared to 73% of DBS subscribers 65+.

Roof Top Antennas are the Most Common Devices For Receiving Local Channels

How are you receiving your broadcast network channels? Did you have to purchase a new roof top antenna after you acquired your satellite system?



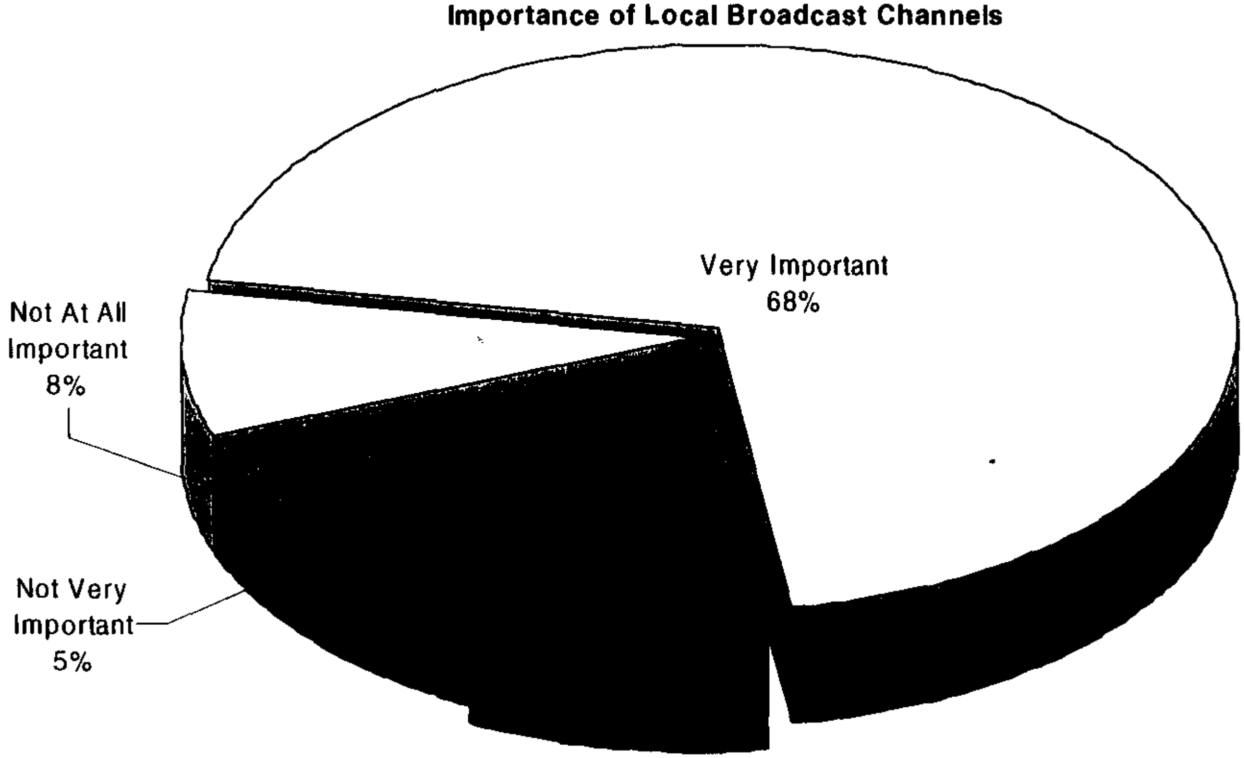
- 40% of DBS households use a roof top antenna to receive their local broadcast networks. This is down 15% from last year.
- 24% of DBS households who use a roof top antenna purchased it after they got satellite TV.
- 39% of DBS households who consider the local channels important use an external antenna to receive them. Of this group, 26% purchased a new roof top antenna.

THE YANKEE GROUP
A Primark Company

SBCA

Local Broadcast Channels are Very Important to Majority of C-Band Subscribers

How important is it to you to receive local broadcast channels such as CBS, ABC, and NBC? We will be using the same scale where 5 = very important and 1 = not at all important.

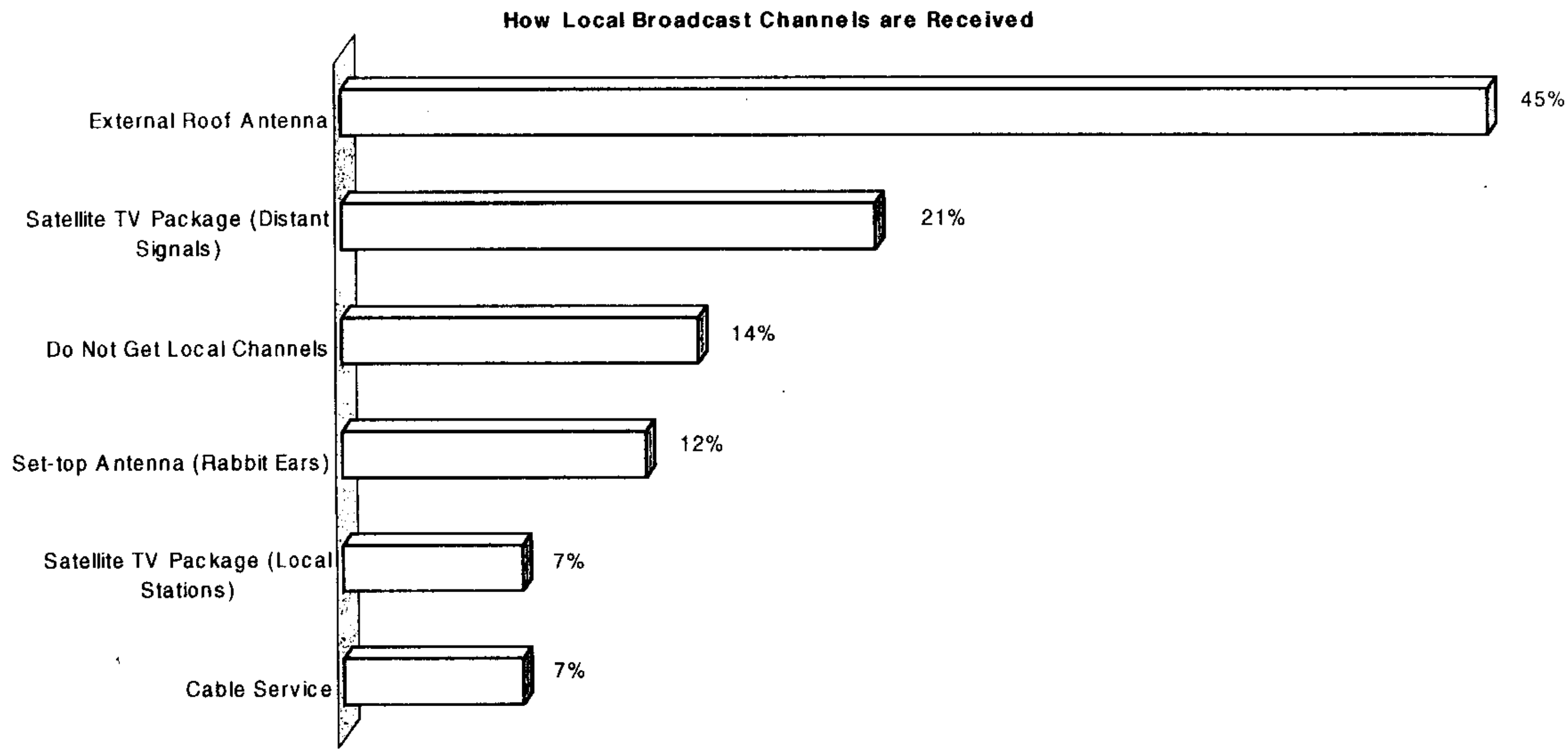


- 68% of C-Band subscribers feel that it is very important that they receive local broadcast networks.
- C-Band subscribers who are married (81%) are statistically more likely to consider receiving local broadcast networks important than those who are single (63%).

Totals presented in the chart above do not include those who said "don't know"

Roof Top Antenna are the Most Common Devices For Receiving Local Channels

How are you receiving your local broadcast network channels?

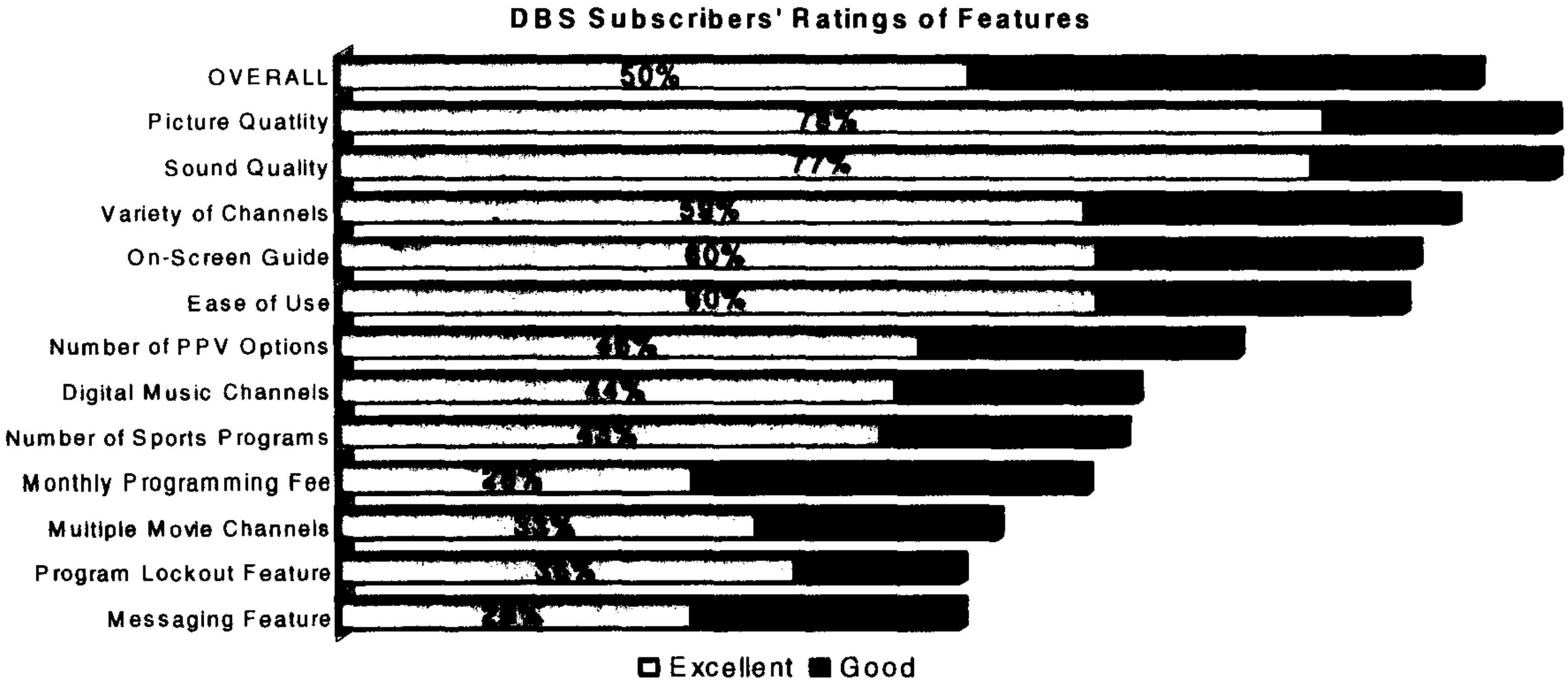


- 45% of C-Band households use a roof-top antenna to receive the local stations.
- 27% of C-Band households who use a roof-top antenna purchased it after they got a satellite system.

APPENDIX E

Picture and Sound Quality Rated as Best Features of DBS

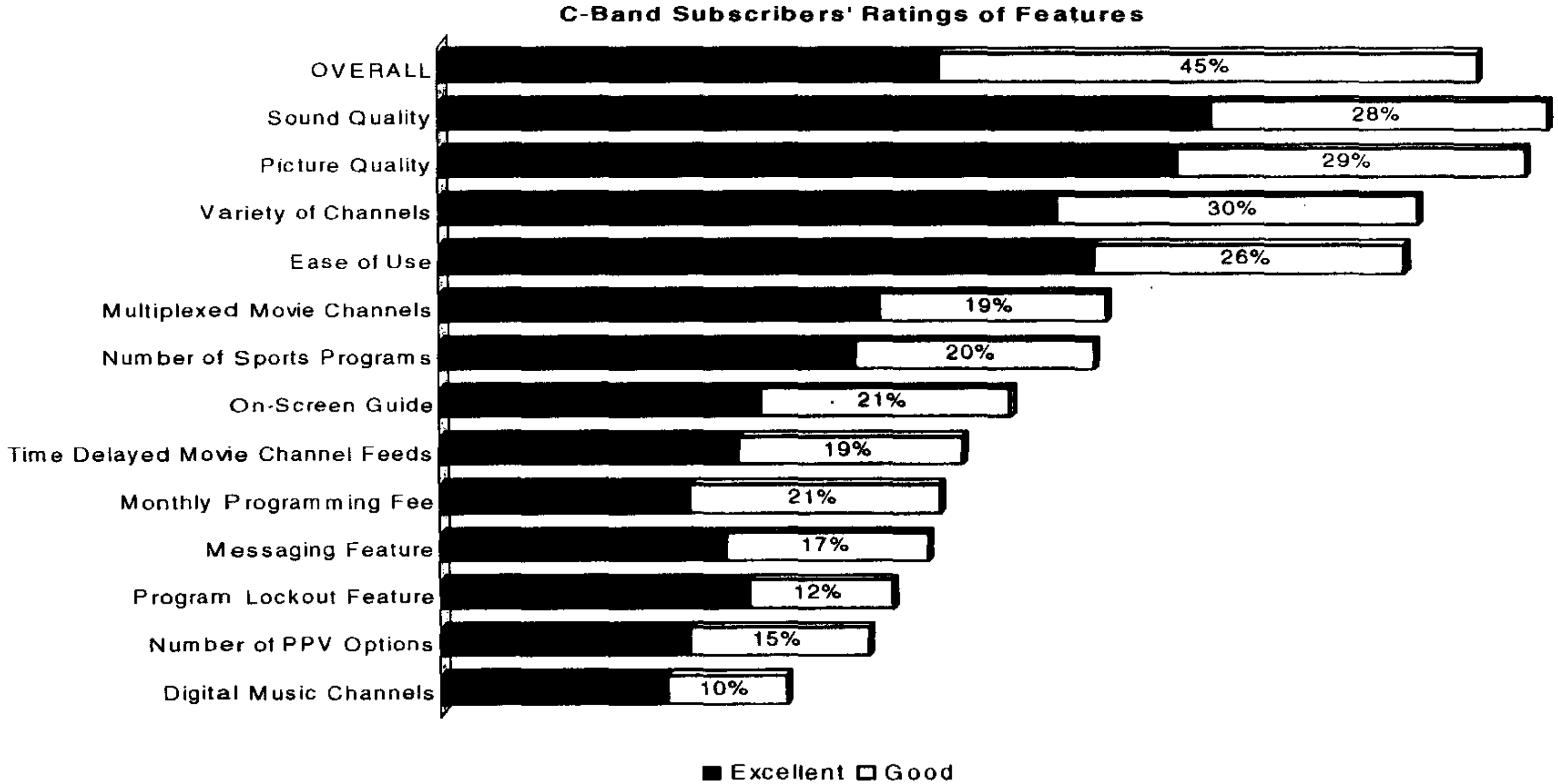
I'd like you to rate the following features of your satellite TV system. We are using a rating of scale of 1-5, where 5 = excellent and 1 = poor. How would you rate....



- 90% of DBS households rate the overall features of their satellite system as "excellent" or "good." This is the same as last year.
- The top DBS features were "picture quality" and "sound quality" both rated excellent/good by 96% of DBS households. This was followed by "variety of channels" with 88% and "on-screen guide" (85%).

Sound and Picture Quality Rated as Best Features of C-Band

Now I'd like you to rate the following features of your satellite TV system. We are using a rating scale of 1 to 5, where 5 = excellent and 1 = poor. How would you rate...

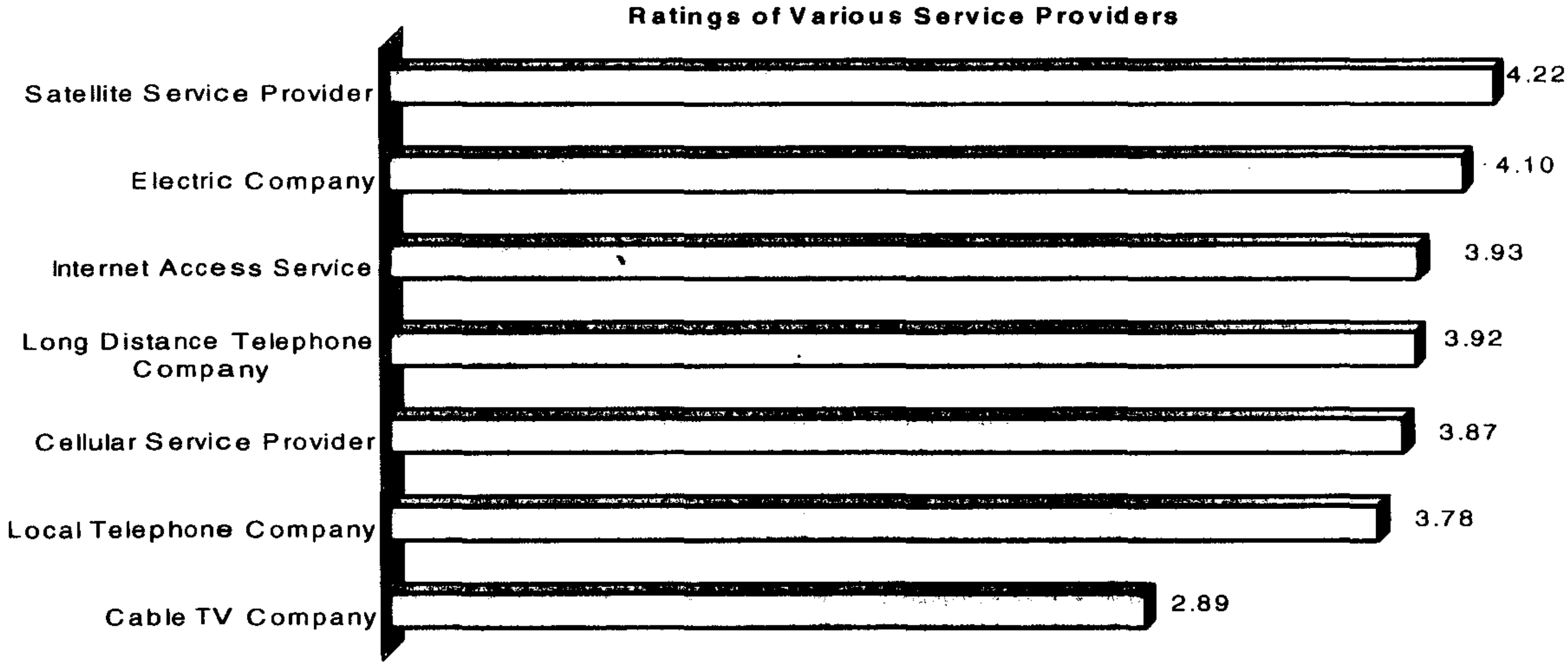


- 87% of C-Band households rate the overall features of their satellite system as "excellent" or "good."
- The top features are sound quality (93%), picture quality (91%), variety of channels (82%), and ease of use (81%).

APPENDIX F

DBS Subscribers Give Their Satellite Provider the Highest Satisfaction Ratings

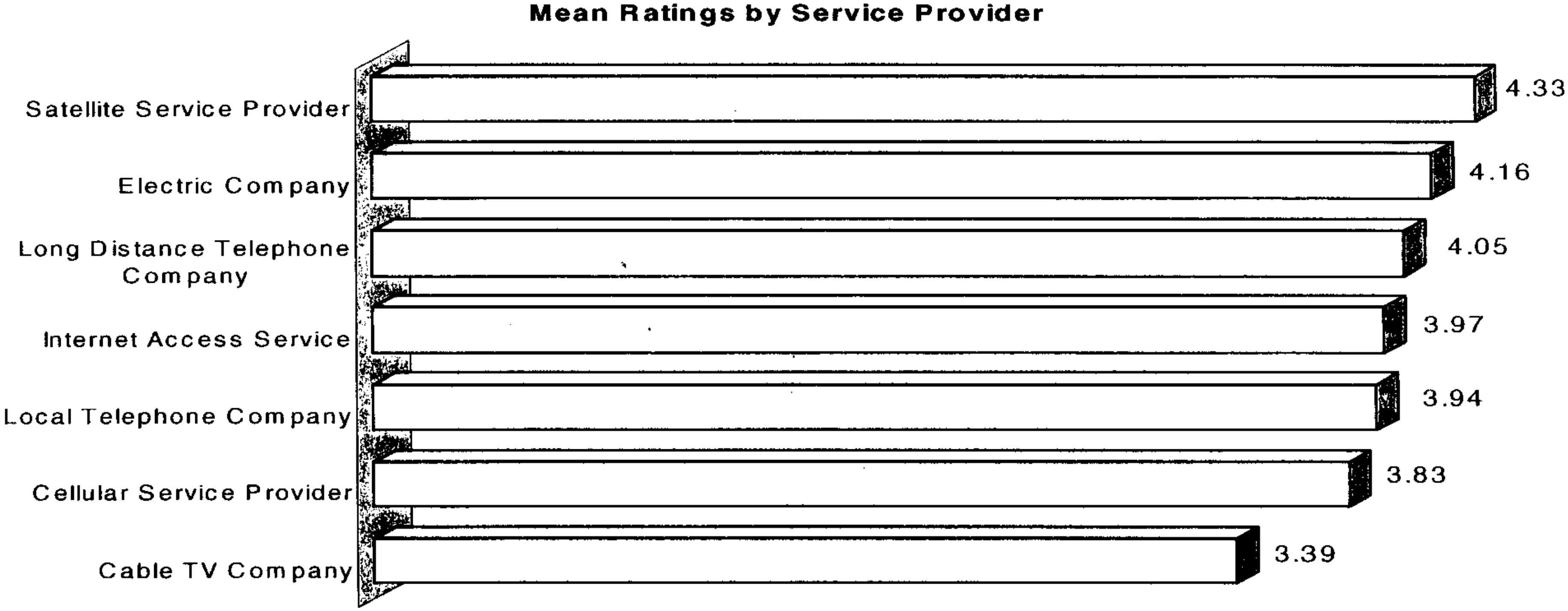
How would you rate the overall level of service provided by the following companies, if applicable? We are using the same scale where 5 = excellent and 1 = unacceptable.



- DBS providers received the highest mean rating of all the service providers.
- DBS households are most critical of cable TV providers giving them a mean rating of 2.89.
- Opinions of cable TV providers vary widely. DBS homes that dropped cable gave it a mean rating of 2.25, whereas those that have cable gave it a mean rating of 3.25.

C-Band Subscribers Give Their Satellite Provider the Highest Satisfaction Scores

How would you rate the overall level of service provided by the following companies, if applicable? We are using the same scale where 5 = excellent and 1 = poor.



- C-Band subscribers give their C-Band service provider the highest score of all the service providers while they give cable providers the lowest scores.